

EXECUTIVE SUMMARY

GENERAL STATEMENT

The Indian Health Service (IHS) has the responsibility for the delivery of health services to Federally-recognized American Indians and Alaska Natives (AI/AN) through a system of IHS, tribal, and urban (I/T/U) operated facilities and programs based on treaties, judicial determinations, and Acts of Congress. The Mission of the agency is to raise the physical, mental, social, and spiritual health of AI/AN to the highest level, in partnership with the population served. The agency Goal is to assure that comprehensive, culturally acceptable personal and public health services are available and accessible to the service population. The mission and goal are addressed through four Strategic Objectives, which are: 1) Improve health status; 2) Provide health services; 3) Assure partnerships and consultation with I/T/U; and 4) Perform core functions.

OVERVIEW OF THE BUDGET

This budget request and performance plan represents the next incremental step necessary to eliminate the health disparities that prevail in the AI/AN population. It is consistent with the Agency's mission, the Department's strategic plan, and HHS' efforts to eliminate racial and ethnic disparities in health.

The Indian Health Service proposes an increase of \$78.043 million and 134 FTE in FY 2002 above the FY 2001 President's Budget Request. This budget would provide an additional \$78.043 million to restore access to basic health care, including current services, contract support costs, and health care facilities construction, and \$12.0 million in program increases for Services. These investments aim: 1) to improve the I/T/U capacity and infrastructure to provide access to high quality primary and secondary medical services, and basic preventive services, and 2) to halt the recent declines in certain health status indicators.

POLICY BASIS AND FORMULATION PROCESS FOR FY 2002 BUDGET REQUEST

The Federal Commitment is to Raise AI/AN Health Status in Partnership with Tribal Governments.

From a policy perspective, this budget request is perhaps the most strongly supported proposal in the Agency's history; it is based on both new and longstanding Federal policy and commitment for improving health status by assuring the availability of basic health care services for members of federally recognized Indian tribes. The request supports the following three policy initiatives:

- HHS' effort to eliminate racial and ethnic disparities in health.
- the proposed HHS Healthy People 2010 and its goal of achieving equivalent and improved health status for all Americans over the next decade,
- the DHHS Strategic Plan:

- Goal 1 - Reduce major threats to health and productivity of all Americans.
- Goal 2 - Improve the economic and social well being of individuals and families, and communities in the United States.
- Goal 3 - Improve accesses to health services and ensures the integrity of the Nation's health entitlement and safety net program.
- Goal 4 - Improve the quality of health care and human services.
- Goal 5 - Improve public health systems.

In addition, the Indian Health Care Improvement Act also reflects the reaffirmation of the U.S. government's commitment to Indian tribes to improve the health of their people. The Act states "The Congress hereby declares that it is the policy of this Nation, in fulfillment of its special responsibilities and legal obligations to the American Indian people to assure the highest possible health status for Indians and urban Indians and to provide all the resources necessary to affect that policy."

BUDGET PRIORITIES AND STRATEGIES

The primary policy basis for this budget request is eliminating health disparities between the AI/AN population and the general U.S. population. This budget request supports this intent by improving access to the basic health services, including assuring that facilities and equipment are available for the provision of health services, contract support services are available to the tribal health delivery system, and holding the line against declines in health status.

This budget is intended to enhance the integration of clinical expertise from medical, behavioral health, and community health staff in order to address the top health problems identified by the I/T/U. The community-based public health model is strengthened by emphasizing prevention strategies throughout the clinical service activities as well as expanding the community health programs and supporting partnerships with community resources such as public safety programs, schools, and other community based organizations.

Improving Access to Basic Health Care - \$78.043 million

The first priority in the budget proposal is to maintain access to basic health services. The IHS has demonstrated the ability to effectively utilize available resources to provide effective services and improve the health status of the AI/AN people. However, this record of achievement has eroded in recent years. To address access to essential individual and community health services, the Areas I/T/U identified funding current services items as their first priority for budget increases for FY 2001. The requested funds provide the next investment required to enhance the I/T/U public health system to a level that can reduce health disparities by providing access to high quality medical and preventive services.

An essential component of supporting access to services and improving health status in the long run is to assure that facilities and equipment are available for the provision of health services. The average age of IHS

facilities is 32 years. The age of facilities make the efficient, safe, and pleasant provision of services difficult at some locations.

Also critical is the provision of contract support services to the tribal health delivery system. These requested funds are necessary for tribal communities to assure that there are utilities, training, clerical staff, administrative and financial services needed to operate health programs. Without this funding, the supports are either not available, or these services must be funded from resources that would otherwise fund health service activities. This investment is consistent with the goals to expanding tribal participation in the management of the programs and the principles of the Indian Self-Determination Act.

Reducing the Gap in Health Disparities - \$12.0 million

The Budget also targeted funds to move forward towards health improvements. The request addresses the multiple health issues affecting the AI/AN population and is the beginning of a long-term plan for continuing improvements in the health of the AI/AN population. The proposal targets the health problems identified as highest priority by the I/T/U and responsible for much of the disparity in health status for the AI/AN population. These include alcoholism and substance abuse, diabetes, cancer, mental health, elder health, heart disease, injuries, dental health, maternal and child health, domestic violence, infectious diseases, and sanitation. The support for public health infrastructure is also fundamental to these initiatives. These investments will support surveillance, prevention and treatment services and are based on "best practices" defined in health literature. These targeted efforts will be monitored in the performance plan.

Another need is water and sewer systems for new and existing homes at the community level. The AI/AN homes are seven times more likely to be without clean water than homes in the broader U.S. This construction need must be addressed if further progress is to be made in preventing infectious diseases and improving the quality of life.

Medicare/Medicaid Collections

The IHS anticipates that it will collect an additional \$29,184,000 in Medicare and Medicaid collections in FY 2002. An increase is anticipated because of IHS' new legislative authority to bill Medicare for physician services and because of IHS' reimbursement rate increases for Medicare and Medicaid in FY 2001.

Expansion of the HHS Secretary's L/HHS Appropriations Transfer Authority

The FY 2002 Budget proposes to include IHS in HHS' Departmental Transfer Authority. This transfer authority will allow HHS to assist the IHS in responding to emerging public health issues. Language authorizing this transfer is proposed for inclusion in the Labor, Health and Human Services, Education, and Related Agencies Appropriation Act General Provisions.

Conclusion

In summary this budget request and performance plan will improve access to individual and community health services. The request provides the next increment required enhancing the I/T/U public health system so that it can

again continue to make significant improvements in the health status of AI/AN people.

FY 2002 Budget Request Summary
(Services and Facilities)

| | FY 2000 Actual | FY 2001 Appropriation | FY 2002 Estimate | 2002 Est. +/- 2000 Actual | 2002 Est. +/- 2001 Approp. |
|-------------------|-------------------|--------------------------|---------------------|---------------------------------|----------------------------------|
| Budget Authority | \$2,390,723,000 | \$2,628,766,000 | \$2,706,809,000 | +\$316,086,000 | +\$78,043,000 |
| Program Level..1/ | \$2,857,117,000 | \$3,204,267,000 | \$3,311,494,000 | +\$454,377,000 | +\$107,227,000 |
| FTE..... | 14,676 | 14,824 | 14,958 | +282 | +134 |

1/ The Balanced Budget Act of 1997 included an increase of \$30,000,000 for the prevention and treatment of diabetes. This amount will be available each year through FY 2002. Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000 provided an additional \$70,000,000 in FY 2001 and FY 2002 and \$100,000,000 for FY 2003.

The request of \$2,706,809,000 and 14,958 FTE is a net increase of \$78,043,000 and 134 FTE over the FY 2001 appropriation of \$2,628,766,000 and 14,824 FTE. The formulation process included tribal and urban consultation and participation throughout. The following summarizes the IHS Budget Request:

IMPROVING ACCESS - FY 2001 Current Services: +\$153,568,000 and 134 FTE

The IHS is requesting an increase of \$153,568,000 for Current Services that includes funding for pay raises, inflation (tribal pay cost and other), Contract Support Costs, new staffing and related operating costs for new facilities, and health care facilities replacement construction projects. All current service funding pays for annual costs that are attributable to the rapidly expanding AI/AN population and required to maintain the current level of health care provided. The current services increase of \$153,568,000 includes the following:

- \$32,000,000 for Pay Costs.
- \$23,000,000 for Inflation (tribal pay cost).
- \$11,000,000 and 134 FTE for Phasing-In of Staffing and Operating Costs for new facilities.
- \$37,568,000 for the following health care facilities construction projects: for equipment for Ft Defiance, AZ Hospital (\$11,326,000); for the completion of the Winnebago, NE Hospital (\$23,241,000); for Ft. Defiance Quarters (\$3,001,000).
- \$40,000,000 for Contract Support Costs.
- \$10,000,000 for Federal Cost of Navajo Conversion.

REDUCING THE GAP - Program Increases: \$12,000,000

The program increases of \$12,000,000 includes the following:

- \$8,000,000 for Indian Health Care Improvement Fund.
- \$4,000,000 for Information Technology.

Program Decreases: -\$87,525,000

- -\$85,525,000 for Non-recurring Health Care Facilities Construction Funds
- -\$ 1,000,000 for One Time Project: Urban Health (SIPI).
- -\$ 1,000,000 for One Time Project: Maintenance & Improvement (AMEX).